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President's summary

Economic development in Africa: Catalysing investment for transformative growth

(Agenda item 6)

1. Ms. Yvette Stevens (Sierra Leone), Chair of the Committee, presided over the session with Mr. Raphael Hermoso (Philippines) serving as Vice-Chair-cum-Rapporteur. The Secretary-General of UNCTAD made opening remarks, followed by the Director of the Division for Africa, Least Developed Countries and Special Programmes, who presented the *Economic Development in Africa Report 2014: Catalysing Investment for Transformative Growth*.

2. The following delegations delivered statements: Chad, on behalf of the Group of 77 and China; the Philippines, on behalf of the Asian Group; the United Republic of Tanzania, on behalf of the African Group; Benin, on behalf of the least developed countries; Brazil, on behalf of the Latin American and Caribbean Group; the European Union, on behalf of the European Union and its member States; Zimbabwe; Algeria; Thailand; Cuba; China; South Africa; Egypt; the United States of America; the United Kingdom of Great Britain and Northern Ireland; Morocco; Angola; Japan and the Secretariat of the African, Caribbean and Pacific States.

3. Many delegates congratulated UNCTAD for the excellent analysis and policy recommendations contained in the report, in particular the recommendation for aid to be used as a catalyst to boost investment in Africa and for greater international cooperation to stem illicit capital flight from the continent. Some delegates encouraged UNCTAD to support African countries in assessing their countries' investment needs and the causes of their investment deficits in the context of the post-2015 development agenda framework.

4. Many delegates noted that African countries should be given sufficient policy space and flexibility to implement their strategic development vision and industrial policies. They called upon developed and emerging developing countries to assist UNCTAD in implementing the outcomes of its research on Africa through technical cooperation projects and advisory missions in the region. It would also be helpful for UNCTAD to integrate lessons learned from development experiences of other regions in its research work on Africa.

5. Some delegates said that intra-African investments were on the rise, which could help build up regional value chains, particularly in manufacturing and services. Investments and structural transformation should continue to be core priorities for the continent, and UNCTAD could provide support to African policymakers and leaders as they strove to strengthen managerial capacities.

6. Some delegates welcomed the policy recommendation of the Report for official development assistance to be leveraged as a guarantee mechanism to reduce risks faced by lenders and investors. In addition, they suggested that the African Union draw up a strategic plan defining priority issues to be considered in the post-2015 development agenda.

7. Some delegates said that gaps in infrastructure network and sector inefficiencies were still critical bottlenecks for sustained economic growth in Africa. Although aid would continue to play an essential role in financing investments, private sector contributions should be increasingly harnessed for that purpose.

8. There were other needs to be met as well: facilitating technology transfer through the intellectual property rights regime, eliminating tariff escalation on African semi- and

fully processed goods, implementing national and regional industrial policies, channelling investment to labour-intensive sectors and providing financial and technical support to African countries so that they could effectively implement the Agreement on Trade Facilitation.

9. The representative of the United States announced that private sector commitments of over $14 billion had been made at the recent U.S.–Africa Business Forum and that $26 billion had been mobilized for the Power Africa initiative.

10. A panel discussion was held on the theme covered under agenda item 6. The *Economic Development in Africa Report 2014* (UNCTAD/ALDC/AFRICA/2014) served as the background document to guide the discussions.

11. The panel was composed of the Secretary-General of UNCTAD, the Director of the Division for Africa, Least Developed Countries and Special Programmes and high-level representatives of the African Union Commission, the Africa Progress Panel and the World Trade Institute of the University of Bern, Switzerland. In his opening remarks, the Secretary-General said that although Africa had experienced significant growth in the past decade, it had not been accompanied by job creation, which was politically, socially and economically unsustainable.

12. Panel presentations focused on the relevance of investment for catalysing transformative growth in Africa and what Africa needed to do to attract more investment to support such growth.

13. Praising the Report for its substance and data, the panellists noted that structural transformation was an imperative for Africa that would require sustained levels of investment.

14. Key challenges remained in developing the agricultural sector. The focus of Vision 2063, drawn up by the African Union, was set on commodities so as to attract greater investment to the sector. In addition, Africa must address other priorities such as the infrastructure deficit and aid dependency. Therefore, it was essential to pursue efforts to attract investment through a more conducive business environment.

15. Africa was a continent with incredible potential for structural transformation, but its current production structure was a silo around the extractive industry.

16. On the one hand, Africa was experiencing a bifurcated story of growth and productivity improvements; on the other hand, major challenges and constraints were to be reckoned with. The fragility underlying growth was compounded by falling commodity prices and the reversal of capital flows in Africa. Therefore, African States would need to select appropriate development strategies based on commodities or light manufacturing that took into account priority needs and comparative advantages.

17. During the ensuing discussion, many delegates expressed appreciation for the Report, citing its relevance.

18. One delegate agreed that there were signs of Africa rising, but that the current growth path might not be sustainable, hence the need for transformation. He urged UNCTAD to continue research on the issue to help inform the relevant policymaking process.

19. Some delegates expressed the importance of raising Africa's capacities to negotiate contracts in the extractive sectors so that wealth could be better managed and in turn benefit local communities.

20. Several delegates noted that there were major challenges in policy implementation in Africa, as many pressing needs had to be addressed simultaneously, and resources were

scant. Part of the solution was prioritization and working together to ensure implementation of decisions at the national, regional and global levels.